

IC MEMORANDUM 09-30

TO: KEHP Insurance Coordinators
FROM: Department of Employee Insurance (DEI)
RE: Post Tax Status
DATE: December 10, 2009



Commonwealth of Kentucky
Personnel Cabinet
Department of Employee Insurance
2nd Floor, State Office Building
501 High Street
Frankfort, Kentucky 40601

Web Site: <http://kehpn.ky.gov>

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To remain in compliance with the requirements of KEHP's Section 125 Cafeteria Plan and Internal Revenue Code Section 152, each year DEI reviews the eligibility of members' dependents, based on age, as one of the indicators of the members eligibility to continue paying premiums on a **pre-tax** basis. Along with the age requirement, the dependents must also meet the other requirements of "qualifying child" or "qualifying relative". If the dependent does not meet these requirements he or she still may be eligible to be covered as a dependent but on a **post-tax** basis according to KEHP eligibility defined by KRS 304.17A.256.

You have received or will receive a listing of your members whose premium status has been changed from **pre-tax** to a **post-tax** due to the age of their dependent(s).

Please do the following with respect to each of these members:

- Notify the member, have him or her sign a Post-Tax form and submit the form to DEI.
- If the member has determined that his or her dependent is eligible for pre-tax treatment based on I.R.C. § 152 regulations, the member must complete a Pre-Tax Form.
- **Commonwealth Paid Agencies:** Premiums will be deducted on a post-tax basis, unless a Pre-Tax Form is received. If dependents do not qualify for pre-tax status, a Post-Tax Form must be signed and submitted.
- **Agencies whose payroll is not done by the Commonwealth:** You must notify your payroll processor to deduct premiums on a post-tax basis, unless the member completes a Pre-Tax Form. If dependents do not qualify for pre-tax status a Post-Tax form must be signed and submitted.

Pre- or Post- Tax forms must be completed and submitted to DEI by December 21, 2009. These forms can be found on the KEHP website.

If you have questions please contact:

Enrollment Information Branch 502-564-1205
Member Services 888-581-8834

